



Federal Energy Regulatory Commission

Standardizing Generator Interconnection Agreements and Procedures

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The Problem...

- Competition has spurred an increase in new generation, especially merchant plants
- Interconnection not addressed in Order No. 888
- Commission has stated that interconnection is part of open access transmission service
- But interconnection is separate from delivery



A Two-Step Solution...

- The real problem is lack of standardization
- First step: Standardize interconnection procedures and agreements
- Second step: Reexamine pricing and cost responsibility rules



Advance Notice of Proposed Rulemaking (ANOPR)

- Issued Oct. 25 in Docket No. RM02-1
- Offers ERCOT model, supplemented by “best practices,” as a strawman proposal
- Encourages interested persons to pursue a consensus



The Schedule...

- Participants file single document by 12/14
- Include consensus issues, plus pros and cons on other issues
- Other comments can be filed by 12/21
- NOPR will be issued in January



The Process...

- Meetings being held 2-3 days per week
- Plenary sessions and private caucuses facilitated by FERC's Dispute Resolution Service
- Additional communication by interactive website
- Drafting is done as consensus is reached



Upcoming Meetings...

- Nov. 14-15 at FERC Headquarters
 - Queuing, milestones, dispute resolution, etc.
- Nov. 26 at Denver
 - Process group and general administration
- Nov. 27 at Denver
 - Facility defns., time lines, 3rd party construction, etc.



Upcoming Meetings (cont.)

- Nov. 28 at Denver
 - Ancillary/auxiliary services
- Dec. 4 at FERC Headquarters
 - Taxes, indemnification, RTO transition, etc.
- Dec. 5-6 at FERC Headquarters
 - Loop back to unresolved issues



Upcoming Meetings (cont.)

- Dec. 10-14 at FERC Headquarters
 - Drafting of the final document



Additional Guidance...

- Order on “Electricity Market Design and Structure” issued Nov. 7 (Docket No. RM01-12)
- States that Interconnection Pricing NOPR will be issued in April 2002
- Initially, RTOs must follow same interconnection policies that apply to other TOs



“Best Practices”

ANOPR (Attachment A) supplements and modifies ERCOT approach --

1. Comparable treatment
2. Multiple interconnection products

(continued)



“Best Practices” (continued)

3. Exemptions
4. Queuing
5. Deposits
6. Generator siting
7. Project time lines



Pricing

Commission's interconnection pricing policy is set forth in ANOPR Attachment B --

1. Direct assignment facilities
2. Network facilities
3. Credits
4. Time value for network upgrade costs